

Washington, D.C. – During the financial crisis last fall, when the federal government bought many student loans from third party servicers that could not afford to continue financing them, Congressman Joe Sestak (PA-07) recommended that the Department of Education (DOE) be required to continue use of services provided by these loan organizations, including the Pennsylvania Higher Education Assistance Agency (PHEAA). After advocating for legislation to this effect and writing letters to the Department, the Congressman applauded the announcement that PHEAA was one of several outside agencies selected as a servicer for the federal government under the Ensuring Continued Access to Student Loans Act of 2008 (ECASLA) and ongoing, for loans originated by and sold to the DOE.

"I advocated for the continued use of third party servicers after the government purchased loans from them because of the essential assistance that organizations such as PHEAA offer to students and universities," said Congressman Sestak. "They provide key services to students and families with information and advice on financial aid and financial literacy as well as supporting training and assistance to educational institutions. These actions as well as ongoing counseling are critical to prevent delinquencies and defaults. Furthermore, this ensures the preservation of many jobs at PHEAA."

Congressman Sestak has expressed the need to address PHEAA's ability to continue to operate and offer important services to students since February 2008. At that time, as part of his focus on our developing financial crisis as a whole, the Congressman found that PHEAA had to stop making student loans because of problems in the credit markets. As he wrote to the Secretary of the Treasury and the Chairman of the Federal Reserve Board asking for direct intervention in the overall crisis, he remained concerned about PHEAA's situation. The Congressman proposed an amendment to ECASLA that would have kept third party organizations involved in servicing loans bought by the government and, after the legislation became law, continued to encourage the Department of Education to allow students to benefit from services of PHEAA and similar agencies.

*Born and raised in Delaware County, former 3-star Admiral Joe Sestak served in the Navy for 31 years and now serves as the Representative from the 7th District of Pennsylvania. He led a series of operational commands at sea, including Commander of an aircraft carrier battle group of 30 U.S. and allied ships with over 15,000 sailors and 100 aircraft that conducted operations in Afghanistan and Iraq. After 9/11, Joe was the first Director of "Deep Blue," the Navy's anti-terrorism unit that established strategic and operations policies for the "Global War on Terrorism." He served as President Clinton's Director for Defense Policy at the National Security Council in the White House, and holds a Ph.D. in Political Economy and Government from Harvard University. According to the office of the House Historian, Joe is the highest-ranking former military officer ever elected to the Congress.*

###